

OCT 10 2003

Memorandum

by Council Liaison's Office

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Leslye Corsiglia

**SUBJECT: LEASE PURCHASE HOME
OWNERSHIP PROGRAM
TRAINING**

DATE: October 8, 2003

Approved



Date

10-10-03

COUNCIL DISTRICT: City-wide
SNI AREA: All

INFORMATION

On October 16, 2003, at 10AM in the Council Chambers, the Association of Bay Area Governments (ABAG), in partnership with the City of San José's Housing Department, will conduct a training session for the recently launched California Home Source Lease-Purchase Program. The training is designed to encourage participation by realtors and mortgage lenders in this innovative homebuyer program.

The California Home Source Lease-Purchase Program is designed to offer home buying solutions to individuals and families who lack the cash and/or the credit history that would allow them to qualify for a home mortgage. The ABAG Finance Authority for Nonprofit Corporations purchases the home on behalf of the Lease-Purchaser household (customer). The home is then leased to the Lease-Purchaser for a 39-month term. The Lease-Purchaser exercises the purchase option by assuming the mortgage at the end of the lease term. The program provides the following:

- No down-payment requirement
- Closing costs are covered by the Program
- No minimum credit score is needed to qualify
- No first-time homebuyer requirements
- Household's income can be up to 140% of the County median income.

This new program provides the City with another tool as we continue to address the challenges often faced by working individuals and families in their effort to purchase a home in our high cost area. It is yet another resource that the City of San José can offer to meet the housing needs of our low and moderate-income residents.



LESLYE CORSIGLIA
Director of Housing

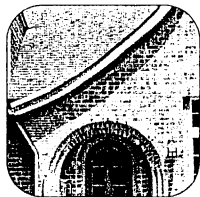
CALIFORNIA HOME SOURCE

The Lease-Purchase Program provides a source of down payment and closing costs, in addition to helping individuals and families with credit problems.

If your public agency's home ownership subsidies are scarce, and you are seeking opportunities to help families overcome credit barriers, contact the program administrator at (877) 570-8370 to find out how we can work together to expand home ownership opportunities in your community.

Here is a summary of Program benefits:

- ◆ Moderate income households up to 140% Average Median Income (AMI) of the county are eligible.
- ◆ Provides a new source of housing assistance funds.
- ◆ Does not compete or draw from other programs.
- ◆ Allows agencies to serve both low and moderate income clients.
- ◆ No financial risk or liability to sponsoring Agency / Issuer.
- ◆ Responds to workforce housing needs.
- ◆ Responds to the down payment and closing cost barrier.
- ◆ Overcomes credit obstacles – great response to predatory lending.
- ◆ Allows clients to lock in the price of the home and today's low mortgage rates, while building equity during the lease period.



APPLY NOW

You can learn more about the Lease-Purchase Program, and apply online by visiting our Web site at:

www.calhomesource.org

or call us at:

1-800-807-8277



CALIFORNIA HOME SOURCE

1714 Franklin Street #100-175
Oakland, California 94612

LEASE-PURCHASE HOME OWNERSHIP PROGRAM



CALIFORNIA HOME SOURCE

A HOME.

A symbol of the American Dream, and the backbone of the American way of life. ABAG Finance Authority for Nonprofit Corporations is leading the effort in turning dreams into reality for families throughout the San Francisco Bay Area, through the creation of the *California Home Source Lease-Purchase Program*.



By providing home buying assistance to individuals and families, the ABAG Finance Authority for Nonprofit Corporations is expanding home

ownership, thereby empowering families and strengthening communities.

The Program is designed to help individuals and families who have a steady and stable source of income from a job or business but do not have the cash normally required for a down payment and closing costs, and/or they do not have a credit history that would allow them to qualify for a home mortgage.

APPLY NOW

www.calhomesource.org
1-800-807-8277

The California Home Source Lease-Purchase Program is designed to offer home buying solutions to individuals and families who lack the cash and/or credit profile normally required for a home mortgage. Program highlights include:

- ◆ No down payment is required.
- ◆ All closing costs are paid for by the Program.
- ◆ No minimum credit score needed to qualify.
- ◆ No first-time homebuyer requirements.
- ◆ Client's income can be up to 140% of the higher of the county or state median income.
- ◆ Centralized program administration.

This Program is a new tool for cities, counties, and other governmental agencies in the San Francisco Bay Area to help their constituents achieve home ownership. The Lease-Purchase program overcomes the cash and credit barriers often faced by working individuals and families when they try to purchase a home. It does not depend on the use of local housing subsidies, rather it is a new resource to help both low and moderate income clients.



HOW CALIFORNIA HOME SOURCE WORKS



- ◆ An individual or family (the Lease-Purchaser) is first approved through a participating lender.
- ◆ The Lease-Purchaser then shops and selects the home.
- ◆ The selected home is purchased on behalf of the Lease-Purchaser by California Mortgage Assistance Corporation (Cal MAC), a nonprofit government corporation created by ABAG Finance Authority for Nonprofit Corporations.
- ◆ Cal MAC leases the property to the Lease-Purchaser for a 39-month lease term.
- ◆ At the end of the lease term, the Lease-Purchaser exercises the purchase option by assuming the mortgage.
- ◆ To exercise the purchase option and to assume the mortgage, the Lease-Purchaser must make timely monthly payments to Cal MAC and take adequate action to resolve any outstanding credit issues by the end of the lease term.